

ASX Announcement

24 February 2017

Brookfield Prime Property Fund (ASX: BPA) Half Year Results 2017

Brookfield Capital Management Limited (BCML), as Responsible Entity for Brookfield Prime Property Fund (the Fund), announces the Fund's interim results for the six month period to 31 December 2016.

The Fund reported a net profit of \$65.7 million for the period, compared to a net profit of \$111.1 million for the same period last year. The decrease was mainly due to net gains from the sale of the Fund's interests in Southern Cross East and West in the prior period.

Key financial results as at 31 December 2016 are:

- net assets of \$433.4 million (30 June 2016: \$373.6 million) or \$8.84 per unit (30 June 2016: \$7.62 per unit);
- portfolio value of \$707.0 million (30 June 2016: \$644.5 million); and
- portfolio occupancy of 91% (30 June 2016: 92%) with weighted average lease expiry (WALE) by income and by ownership of 4.7 years (30 June 2016: 3.6 years).

As announced on 8 February 2017, American Express International Inc. renewed their lease at 12 Shelley Street, Sydney for 10 years from 1 January 2019. BCML obtained an independent valuation which was \$9.0 million higher than the valuation prior to the renewal of \$178.0 million. As a result of the valuation uplift, and assuming the remainder of assets and liabilities of the Fund are unaltered from the 31 December 2016 financial statements, the Fund's net assets increased to \$442.3 million or \$9.02 per unit and the portfolio WALE increased to 6.8 years.

Property Portfolio

All three properties were externally valued as at 31 December 2016. The total property portfolio increased in value to \$707.0 million from \$644.5 million in 30 June 2016, a 9.7% increase during the six-month period. Portfolio occupancy was 91% and WALE by ownership and income was 4.7 years.

Property valuations as at 31 December 2016:

| PROPERTY | LOCATION | FUND SHARE % | Value as at 31 DEC 2016 \$M | Value as at 30 JUN 2016 \$M | % CHANGE 6 MNTHS |
|---|----------|-----------------|-----------------------------------|-----------------------------------|---------------------|
| 680 George Street and 50 Goulburn Street | Sydney | 50 | 363.0 | 305.0 | 19.0 |
| American Express House, 12 Shelley Street | Sydney | 100 | 178.0 | 174.5 | 2.0 |
| 108 St Georges Terrace | Perth | 50 | 166.0 | 165.0 | 0.6 |
| Total | | | 707.0 | 644.5 | 9.7 |

Debt

As at 31 December 2016, the Fund's \$340.0 million senior debt facility was drawn to \$315.0 million and the Fund's \$50 million subordinated debt facility with the Brookfield Group remains undrawn and the Fund is compliant with all debt covenants.

There is no requirement to hedge interest rates under the senior facility and the Fund remains unhedged. BCML will continued to monitor this position.

Tax Position

The Fund currently does not qualify as a Managed Investment Trust for purposes of the Tax Act. Therefore, taxable distributions (not including interest, dividends, royalties) made by the Fund to non-resident unitholders will be subject to a non-final withholding tax of 30% or the highest marginal tax rate (depending on the tax profile of the unitholder). Resident unitholders should not be adversely affected.

Distributions

The Board continues to closely monitor the ongoing cash requirements within the Fund's portfolio of properties and will make adjustments to its current distribution policy where appropriate.

Further information

Further information regarding the Fund's half year financials to 31 December 2016 is available at www.au.brookfield.com. It is recommended that investors review this document.

For more information please contact:

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